

Chapter 5

“On Demand Business Breakthrough”

Chapter Objectives

- Learn the characteristics of business transformation
- Learn the characteristics, principles, and capabilities of an on demand operating environment
- Learn the characteristics of flexible financial and delivery offerings

Business Transformation

- If you choose this direction, you will help your client:
 - Start with component business model
 - Define their priority business component
 - Assess underlying application and infrastructure assets
 - Implement integrated business processes and new operating and ownership approaches
 - Generate savings and reinvest them in more innovation
- Business transformation:
 - Provides methodologies and expertise to help clients develop a business design that will yield higher returns.
 - Help lay out a practical roadmap for how a client can become more of an On Demand Business.
 - Identifies areas of differentiation where your clients can create growth, reduce costs, or both.
 - Helps to determine how the client needs to adapt and change its business processes to accomplish its goals.

- **Business Direction**

- Business transformation can happen for a single business process, an entire organization, or an organization's value net.
- Business transformation requires:
 - A deep understanding of the issues, challenges, and pain points that are facing executives in a given industry.
 - An in-depth knowledge of how the business process functions in an On Demand Business environment, the technology needed to enable it, and the types of cultural changes necessary to make it effective.
 - A significant reason for change.
- Business transformation can only happen when an organization has a partner it can trust.
- On Demand Business provides the vision and industry insight that can enable our clients to take that next step from process improvement to business transformation.

- Making the Right Decisions
 - IT enablement and business strategy are one.
 - Clients require partners who can also implement solutions.
 - The Solution Advisor must deliver a broad range of expertise since On Demand Business is “horizontal” and integrated across the business.
 - On Demand Business transformation produces an enterprise that is:
 - Immediately responsive to changes in demand, supply, pricing, labor, competitor moves, capital markets, and client needs.
 - Variable in its cost structures and process adaptation.
 - Focused on its unique strengths and core competencies.
 - Resilient and able to handle anything the world throws at it.
 - Business transformation helps clients transform their organization by applying deep business process insight with advanced technologies.
 - Clients see the greatest benefit as the On Demand Business transformation vision is created.

On Demand Operating Environment

- On Demand Operating Environment:
 - A set of capabilities organized in a way that allows clients to enable business transformation through new business design.
 - An approach designed to enable the business flexibility and IT simplification that clients need to become an On Demand Business.
 - Based on open standards and industry standards.
 - Must match the design of the business itself and must evolve to a standards based infrastructure that can optimize the entire organization.
 - Must enable efficient and flexible integration of people, processes, and information.
 - Must be resilient and easy to manage.

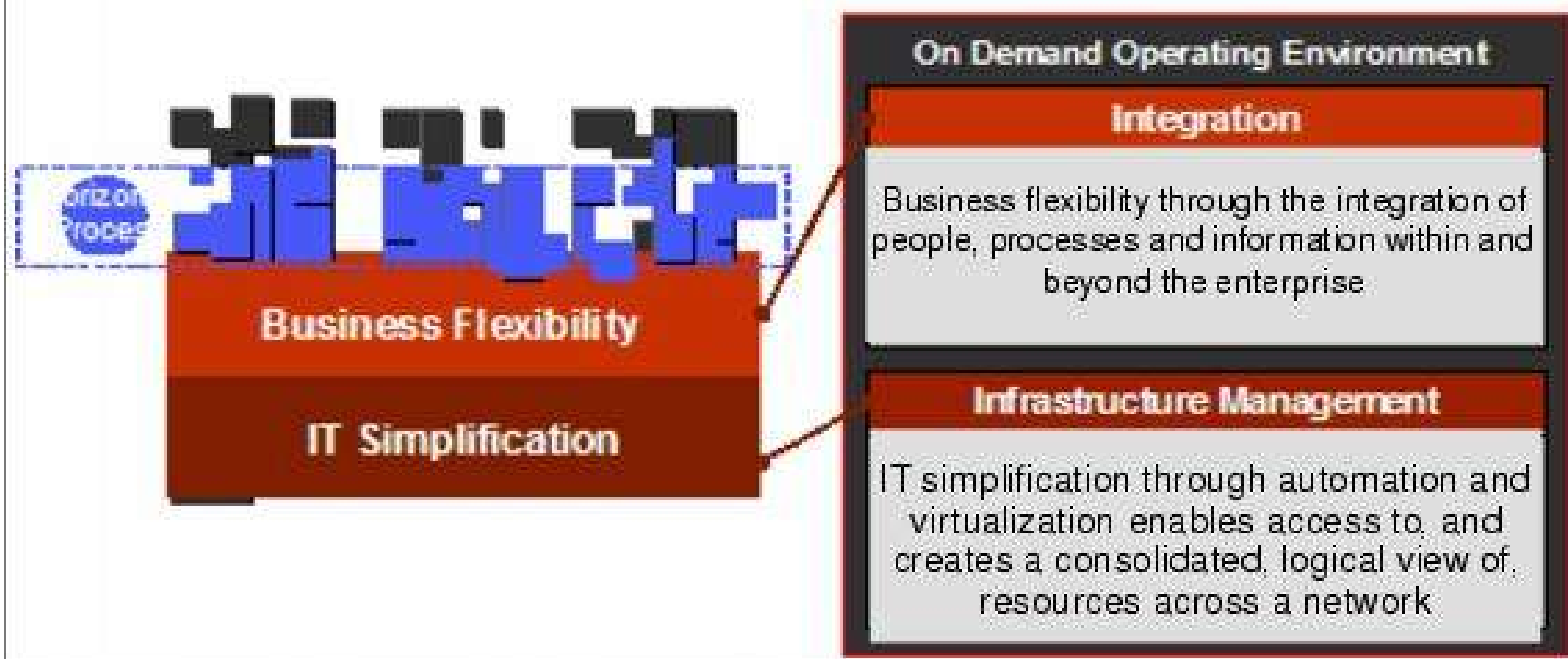
- **Operating Environment Principles**

- The need for the client is increased focus on business flexibility. This need supports horizontal processes where clients have to increase their focus on overall flexibility.
- It must have the ability to take elements of processes that weren't built to work together and make them work together.
- On Demand Operating Environment is based on a service-oriented architecture (SOA) that allows applications, processes, and defined components to be mixed and matched at will.
- SOA supports end-to-end business processes and enables complete business performance management.

On Demand Operating Environment Capabilities

- The two entry points are integration and infrastructure management.
- The objective is to form an open-standards based, integrated, automated, and virtualized environment.
- The first focus is to increase business flexibility through capabilities designed to speed integration initiatives.
- The second focus is IT simplification through the creation of a single, consolidated, logical view of and access to all available resources in a network.

Requires On Demand Operating Environment



- Integration: connecting people, processes, and information in a way that allows companies to become more flexible to the dynamics of the markets, clients, and competitors around them. Implement these techniques to achieve integration:
 - Business modeling
 - Process transformation
 - Application and information integration
 - Access and collaboration
 - Business process management
- Integration is the efficient and flexible combination of resources to optimize operations across and beyond the enterprise.
- For some companies, integration is critical to aligning IT with business objectives.

Business Challenges	Benefits of Integration
Provide customized and consistent business information	<i>Improve customer service</i>
Automate, integrate and coordinate operations end-to-end	<i>Reduce cost & improve responsiveness</i>
Integrate and optimize the use of people and their tools in processes	<i>Enhance productivity</i>
Reduce the cost and time of building and integrating new and existing applications	<i>Extend the value of applications</i>
Streamline application upgrades	<i>Minimize cycle-time and costs</i>
Transform IT from inhibitor to enabler	<i>Allow focus on core competencies</i>

The Capabilities You'll Need



Integration

- ▶ Business Modeling
- ▶ Process Transformation
- ▶ Application and Information Integration
- ▶ Access and Collaboration
- ▶ Business Process Management

Infrastructure Management

- Automation/Virtualization
- ▶ Availability
 - ▶ Security
 - ▶ Optimization
 - ▶ Provisioning
 - ▶ Infrastructure Orchestration
 - ▶ Business Service Management
 - ▶ Resource Virtualization of Servers, Storage, Distributed Systems, Grid and the Network

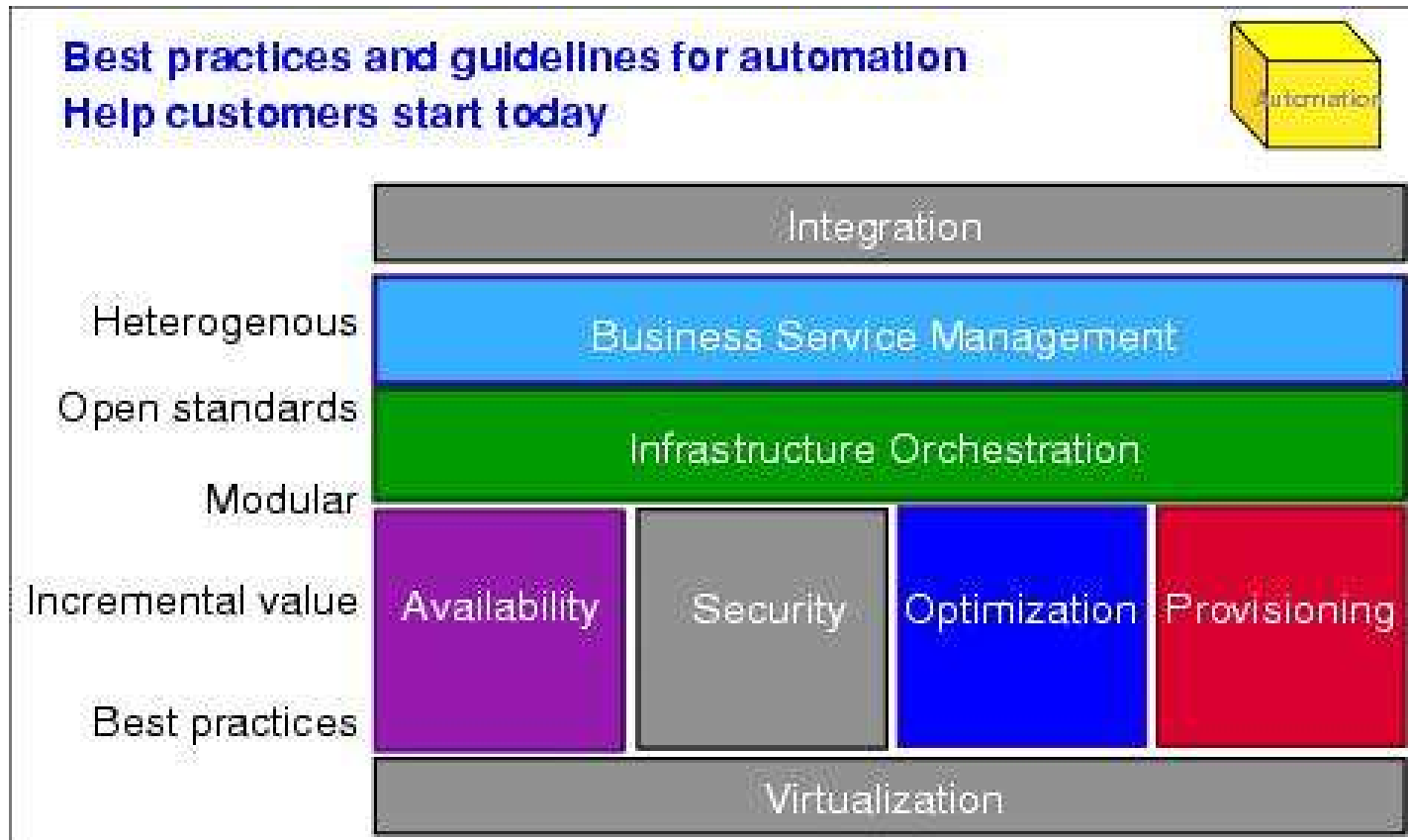
- **Infrastructure Management**

- To achieve this, companies need to implement the following capabilities:
 - Availability of resources
 - Security
 - Optimization
 - Provisioning
 - Infrastructure Orchestration
 - Business Services Management
 - Resource Virtualization
- Provides capabilities to help your client simplify and optimize the IT infrastructure.
- Tightens the link between the technologies that run your client's business and the client's business goals.
- The simplification and optimization of IT through automation and virtualization. It enables access to and creates a consolidated, logical view of resources across a network.

- Clients have the following requirements to remain competitive:
 - Increase flexibility to manage market volatility
 - Optimize IT infrastructure
 - Simplify and streamline business processes
- Clients need to:
 - Become agile
 - Optimize their IT resources
 - Manage the complexity of their IT environment
 - Reduce costs
- Help your clients address pain points.
- Enabling access to and creating a consolidated, logical view of resources across a network.

- Automation

- The capability to reduce the complexity of management to enable better use of assets, improve availability and resiliency, and reduce costs based on business policy and objectives.
- The means by which businesses achieve efficiency, responsiveness, and flexibility.
- The critical component that makes the environment on demand.



Availability



Ensures the health and appropriate functioning of IT environments

Security



Ensures information assets, confidentiality and data integrity are protected

Optimization



Ensures the most productive utilization of IT infrastructure

Provisioning



Makes available the right resources to the right processes and people

Orchestration



Senses, triggers and responds according to business goals.

BSM



Visualize IT environment in business terms and manage service levels to business objectives

– Virtualization

- Provides ways to abstract physical resources so they can be accessed as a pool of logical resources.
- Enables improved utilization of IT, information, and people assets.
- Allows your clients to:
 - Simplify and consolidate servers and storage devices
 - Reduce management complexity across a heterogeneous environment
 - Optimize the utilization of server capacity for access to all data resources regardless of physical location
 - Share multiple workloads over a single processor footprint
- Clients need access to data resources as a single entity and to have applications respond quickly to the dynamic needs of the enterprise.
- There are several pain points facing the client.

- Solves real client problems in three main areas:
 - Cost Savings
 - » Systems hardware and software capital
 - » Human capital
 - Efficiency
 - » Simplified management
 - » Optimal utilization
 - » Quality of services
 - Flexibility
 - » Dynamic utilization
 - » Time to market
 - » Competitive differentiation
- Targeted towards clients who want to simplify their server environment and consolidate to lower costs and improve reliability and flexibility.

Flexible Financial and Delivery Offerings

- FFDO gives clients more effective ways to acquire, manage, and pay for their applications and services.
- Characteristics of flexible computing models:
 - Clients acquire the application as a hosted service and pay through usage metrics
 - The hosted application can be either managed in a client dedicated environment or in an environment that supports multiple organizations and subscribers through a single instance
- New revenue streams come with the ability to meet client demands for flexible delivery models.
- FFDO can help your clients better align their IT resources and spending with business requirements and by purchasing IT capabilities as a service.
- Clients enjoy flexible pricing based on usage.

- Main benefit: Clients can devote more attention to their core business and be more responsive to business needs.
- Financing Options
 - Clients have the ability to choose how they access FFDO
 - Client owned or managed
 - Vendor owned or managed
 - Clients invest in the latest On Demand Business technology to achieve lasting competitive advantage.
 - FFDO helps reduce the time it takes to launch new capabilities and cut costs. This enables the client to gain the capabilities and infrastructure that can dynamically support their business needs.

- **Making the Right On Demand Business Decision**
 - Likely candidates for FFDO are organizations seeking to gain competitive advantage and speed ROI from IT investments
 - If an organization is uncertain, focus on a different area.
 - IBM and IBM Business Partners have a deep knowledge and long experience in managing and financing heterogeneous client environments.
- **Value Across the Enterprise**
 - FFDO can be tailored to your client's unique needs
 - IT executives at large enterprises
 - Line of business (LOB) executives at large enterprises
 - Middle management LOB and IT executives

What You Have Learned

- The characteristics of business transformation
- The characteristics, principles, and capabilities of an on demand operating environment
- The characteristics of flexible financial and delivery offerings